

Presented to:

House Transportation Committee

March 28, 2017



Presented by:

John A. Rickoff
President & CEO
Lake State Railway Company
Michigan Railroads Association - Chairman



Lake State Railway

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Lake State Railway

- Privately Owned
- Celebrating 25th Year of Service
- 290 Mile System
- Serving Saginaw, Midland, Bay City, Grayling, Gaylord, West Branch, Alpena
- 80 Employees

N. American Freight Network Connection

- CSXT – Flint, MI
- Huron & Eastern Railroad
 - Saginaw
 - Bay City
- Mid Michigan Railroad - Paines



Lake State Railway



Customers Served

- ADM
- Andersons
- A & L Iron & Metal
- ARAUCO
- Bit-Mat
- Brink Farms
- Cabot
- Camp Grayling
- Consumers Energy (Karn Generating Station)
- Crop Production Services
- Dow Corning (Dow)
- Dow Chemical
- Freeland Bean & Grain
- Gavilon Grain
- Georgia Pacific
- Heritage Environmental
- Ittner Bean & Grain
- Lafarge Holcim
- L.C. Ready-Mix
- Menards
- Michigan Sugar/Midwest Agri
- Michigan Wood Pellet
- Nexteer
- Northern Energy
- Oldcastle – 4D
- OmniSource
- Panel Processing
- Port Fisher
- Quality Liquid Feeds
- Rifkin Scrap Iron & Metal
- Standish Milling
- Stella Jones
- Saginaw Bay Fertilizer
- Star of the West
- S.C. Johnson
- Specification Stone Products
- Straits Wood Treating
- Styron
- S & S Wood Products
- Tri-State Forest Products
- Turner Bean & Grain
- Vantage Plastics
- Vestas
- Wabash Power Equipment
- Weyerhaeuser Co.



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Products Handled

- Grain (corn, soy beans & wheat)
- Coal
- Lumber/Lumber Products
- Chemicals
- Fertilizer
- Cement
- Aggregates
- Sugar
- Flour
- Scrap Metal
- Steel Bars
- Fuel
- Plastics



Lake State Railway



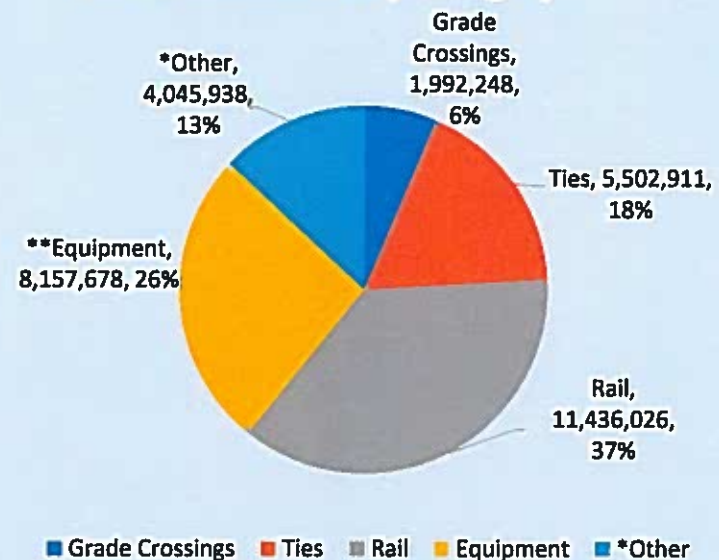
Investments

2013 – 2017

Total Investments



Total Investments by Category



2017 – Possible investment increase of \$1.8M with 2nd welded rail train

Based on total investment of \$31,134,801

*Includes bridges, ballast, surfacing, bolt tightening, anchoring and misc.

**Locomotives, railcars, vehicles, track equipment



Lake State Railway

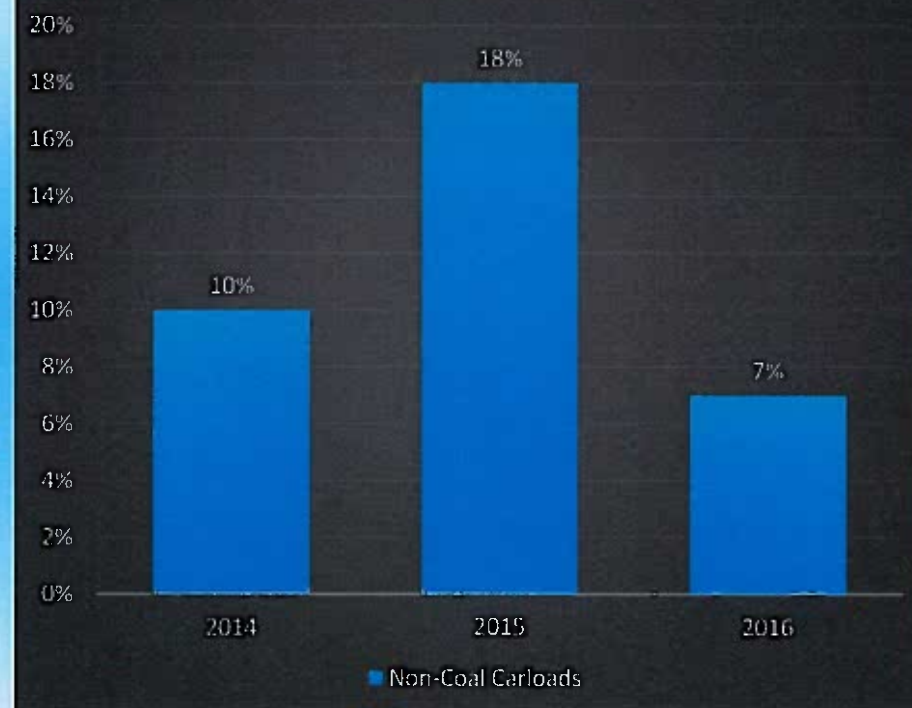
Growth

- Past 3 years – 12 new or expanded customers
- 2016
 - Grayling
 - ARAUCO – New customer
 - L.C. Redi-Mix – major expansion
 - Georgia Pacific – major expansion
 - Camp Grayling – major expansion
 - Gaylord
 - LSRC investing in 24 acre site for transloading
 - Bay City
 - Bit-Mat – new customer
 - Plastics – major expansion
 - Saginaw
 - Lumber Distribution Facility – new customer
- 2017 - LSRC expects to be announcing more growth
 - Bay City
 - Saginaw
 - Gaylord
 - Grayling
 - West Branch
 - Standish
 - Alpena



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Originating/Terminating Non-Coal Carload Growth Rate



38% Growth from 2013-2016

Safety

- First & Foremost
- ASLRRA Safety Institute Audit
- Safety and Health Committee
- Participate in Operation Life Saver activities
- Co-training with local first responders
- On-site dedicated training facility
- Annual Rail Defect Testing
- Annual Geometry Testing
- GPS Tracking
- Computerized Aided Dispatch

Challenges

- Expanding Rules & Regulations
- Class I Environment Changes
- Truck Weights
- Ever-changing Market Conditions
- Infrastructure Upgrading
- State Funding?
- Truck Platooning??



Lake State Railway

Closing

- Bright Future



MRA
MICHIGAN
RAILROADS
ASSOCIATION



GLC Great Lakes
Central Railroad



